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SUBJECT: Argentina: San Luis Governor Discusses His Province's Economic Turnaround

¶11. (U) Summary: San Luis Governor Jose Luis Gioja briefed the Ambassador February 7 on San Juan's infrastructure development, investment climate, and environmental protection measures. The Ambassador congratulated the Governor on San Juan's impressive export growth -- particularly in the mining and agricultural sectors

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and conveyed his desire to visit San Juan. Gioja was accompanied by Ruperto Godoy, chairman of the Foreign Affairs Committee in the National Chamber of Deputies. With Diputado Godoy, the Ambassador discussed upcoming visits to Argentina by U.S. congressional delegations, and extended an invitation for Argentine parliamentarians to visit Washington. End Summary.

Electoral Mandate

¶12. (SBU) Gioja, who comes from a traditional family of Peronist politicians in San Juan, expressed to the Ambassador great satisfaction at being reelected in October with a record-breaking 60% of the vote, but claimed this would be his last term as governor. (Note: In the press, Gioja has been vocal in his support of efforts to draft former president Kirchner as the head of the Justicialist Party, referring to him as the most representative citizen in the party, and "perhaps, in Argentine politics." His alignment with the Kirchners' "Victory Front" has been rewarded with increased attention to the province by the national government, including recent visits by senior Cabinet members. End note.)

Economic Turnaround

¶13. (U) Gioja spoke about the harshness of the 2001-2002 crisis in San Juan, where poverty, crime, and education indices are all worse than the national average. He said the province had learned from this experience and is working to improve its infrastructure, and San Juan is now ranked the fourth most competitive province in Argentina. The Ambassador congratulated Gioja for San Juan's impressive export growth and economic rebound. Gioja said that during his first term, San Juan's export earnings increased dramatically, from \$140 million in 2003 to \$800 million in 2007. San Juan is well known for its wines, and has more than doubled their export value since 2006. It is also the world's leading exporter of grape juice. Gioja noted that San Juan was exporting grape juice concentrate to the United States despite a 17% U.S. tariff. Gioja noted that San Juan's agricultural potential was limited by its mountainous topography and dry climate. The majority of its recent economic success is due to increased mining activity. The largest project is a US\$2 billion gold and silver mine that straddles the Argentine/Chile border and is being developed by the Canadians. The Ambassador asked how local authorities were ensuring environmental protection. Gioja said the province was seeking to study and address environmental impact concerns in the most

transparent manner possible, including via participation by all interested groups, and build the state's oversight capacity.

Looking West - Chile and the Pacific Rim

¶ 14. (U) Gioja referenced Chile as a valuable model for economic growth, legal reform, and environmental protection. He mentioned his meeting with Chilean President Michelle Bachelet one week prior to secure her commitment in collaborating to build a 13-km tunnel to facilitate trade between both countries. The tunnel proposal was still being vetted for technical feasibility and financial viability. Gioja noted that the tunnel could become a link in a land route that ultimately could connect Porto Alegre in Brazil with Coquimbo in Chile and run through some of the richest parts of Argentina. The Ambassador observed the psychological importance of such access in directing the development of business relationships in this direction, and noted the great demand in the Pacific Rim market for commodities, which is one of Argentina's strengths. Diminished transport costs would make this more feasible and attractive.

A World-Class Scientific Anchor

¶ 15. (U) San Juan is home to a national astronomical observatory which thrives in San Juan's clean air and clear nights protected by the 180,000 acre El Leoncito National Park. The Ambassador observed that the astronomical complex (CASLEO) is internationally known, and that there is significant participation by U.S. universities. The complex houses a unique Submillimeter Solar Telescope installed in 1999, permitting observation of previously unexplored frequencies. Gioja spoke of the excellent exchange of information generated by the observatory.

¶ 16. (U) Gioja invited the Ambassador to visit San Juan, and the

Ambassador agreed in principle. The Ambassador spoke of the potential for further cooperation and the Embassy's interest in strengthening ties.

Congressional Ties

¶ 17. (U) Turning to Godoy, a national deputy from San Juan allied with Gioja, the Ambassador said he expected in the weeks and months ahead some possible visits to Argentina by U.S. congressional delegations. Godoy welcomed the prospect of some congressional delegations and the strengthening of parliamentary ties. The Ambassador encouraged reciprocal visits to Washington by members of the Argentine Congress.

WAYNE